2020

QUARTERLY REPORT

FOR THE 3RD QUARTER AND THE FIRST NINE MONTHS OF 2020

GRENKE CONSOLIDATED GROUP

GRENKE

FAST // FORWARD // FINANCE

KEY FIGURES

GRENKE GROUP

	UNIT	Q3 2020	Q3 2019	Δ (%)	Q1–Q3 2020	Q1–Q3 2019	Δ (%)
NEW BUSINESS GRENKE GROUP LEASING	EURk	517,645	686,821	–24.6	1,601,230	2,091,692	–23.5
of which international	EURk	354,993	500,390	–29.1	1,115,167	1,569,171	–28.9
of which franchise international	EURk	16,637	20,843	–20.2	50,190	60,395	–16.9
of which DACH*	EURk	146,015	165,588	–11.8	435,872	462,126	–5.7
Western Europe (without DACH)*	EURk	125,831	170,696	–26.3	389,011	543,614	–28.4
Southern Europe*	EURk	137,250	198,214	–30.8	438,121	640,814	–31.6
Northern/Eastern Europe*	EURk	82,680	119,167	–30.6	265,267	352,581	–24.8
Other regions*	EURk	25,869	33,155	–22.0	72,958	92,557	–21.2
NEW BUSINESS GRENKE GROUP FACTORING (INCL. COLLECTION SERVICES)	EURk	154,358	170,200	–9.3	467,750	475,654	–1.7
of which Germany	EURk	40,636	44,533	–8.8	132,166	129,406	2.1
of which international	EURk	31,228	43,250	–27.8	103,139	124,558	–17.2
of which franchise international	EURk	82,494	82,417	0.1	232,445	221,690	4.9
GRENKE BANK							
Deposits**	EURk	1,300,037	799,252	62.7	1,300,037	799,252	62.7
New business SME lending business incl. business start-up financing	EURk	32,093	13,919	130.6	104,273	37,595	177.4
CONTRIBUTION MARGIN 2 (DB2) ON NEW BUSINESS							
GRENKE GROUP LEASING	EURk	95,230	117,347	–18.9	289,544	350,347	–17.4
of which international	EURk	70,666	89,893	–21.4	215,226	273,876	–21.4
of which franchise international	EURk	3,558	4,610	–22.8	10,855	12,900	–15.9
of which DACH*	EURk	21,006	22,844	–8.0	63,462	63,570	–0.2
Western Europe (without DACH)*	EURk	25,187	30,342	–17.0	75,206	95,283	–21.1
Southern Europe*	EURk	26,659	35,230	–24.3	83,464	107,888	–22.6
Northern/Eastern Europe*	EURk	16,465	21,386	–23.0	51,007	63,437	–19.6
Other regions*	EURk	5,912	7,545	–21.6	16,403	20,169	–18.7
FURTHER INFORMATION LEASING BUSINESS							
Number of new contracts	units	64,293	74,039	–13.2	190,328	231,852	–17.9
Mean acquisition value	EURk	8.1	9.3	–13.2	8.4	9.0	–6.8
Mean term of contract**	months	48	49	–1.2	48	49	–1.2
Volume of leased assets**	EURm	9,031	8,068	11.9	9,031	8,068	11.9
Number of current contracts**	units	989,896	901,869	9.8	989,896	901,869	9.8

* Regions: DACH: Germany, Austria, Switzerland
Western Europe (without DACH): Belgium, France, Luxembourg, the Netherlands
Southern Europe: Italy, Croatia, Malta, Portugal, Slovenia, Spain
Northern/Eastern Europe: Denmark, Finland, United Kingdom, Ireland, Latvia, Norway, Sweden/Poland, Romania, Slovakia, Czechia, Hungary
Other regions: Australia, Brazil, Chile, Canada, Singapore, Turkey, USA, VAE

** At the end of period

GRENKE Group = GRENKE Consolidated Group including franchise partners
GRENKE Consolidated Group = GRENKE AG and all consolidated subsidiaries and structured entities according to IFRS

GRENKE CONSOLIDATED GROUP

	UNIT	Q3 2020	Q3 2019	Δ (%)	Q1–Q3 2020	Q1–Q3 2019	Δ (%)
KEY FIGURES INCOME STATEMENT							
Net interest income	EURk	95,958	93,641	2.5	295,071	270,953	8.9
Settlement of claims and risk provision	EURk	48,812	32,170	51.7	161,849	92,854	74.3
Total operating expenses	EURk	58,671	55,246	6.2	166,181	162,275	2.4
Operating result	EURk	25,918	43,159	–39.9	77,457	126,638	–38.8
Earnings before taxes (EBT)	EURk	22,920	42,686	–46.3	69,491	123,745	–43.8
Net profit	EURk	17,706	35,612	–50.3	55,676	103,764	–46.3
Net profit attributable to ordinary shareholders of GRENKE AG	EURk	17,706	35,612	–50.3	48,248	97,233	–50.4
Net profit attributable to hybrid capital holders (interest on hybrid capital)	EURk	0	0	n,a,	7,428	6,531	13.7
Earnings per share (ordinary shareholders of GRENKE AG)	EUR	0.38	0.77	–50.6	1.04	2.10	–50.5
Adjusted earnings per share (ordinary shareholders of GRENKE AG)*	EUR	0.33	0.73	–54.8	1.05	2.13	–50.7
Cost/income ratio	percent	45.5	43.8	3.8	43.1	44.0	–2.0
Staff costs	EURk	25,974	28,527	–8.9	84,215	84,917	–0.8
of which total remuneration	EURk	21,103	23,290	–9.4	68,863	69,699	–1.2
of which fixed remuneration	EURk	17,450	17,233	1.3	53,272	50,671	5.1
of which variable remuneration	EURk	3,653	6,057	–39.7	15,591	19,028	–18.1
Average number of employees in full-time equivalent	employees	1,761	1,710	3.0	1,753	1,649	6.3

	UNIT	SEP. 30. 2020	DEC. 31.2019	Δ (%)
STATEMENT OF FINANCIAL POSITION				
Total assets	EURm	7,387	7,147	3.4
Lease receivables	EURm	5,629	5,646	–0.3
Equity persuant to statement of financial position	EURm	1,260	1,249	0.9
Equity persuant to CRR	EURm	1,066	941	13.3
Equity ratio	percent	17,1	17,5	–2.3
Embedded value. leasing contract portfolio (excl. equity before taxes)	EURm	611	662	–7.7
Embedded value. leasing contract portfolio (incl. equity after taxes)	EURm	1,749	1,791	–2.3

* For the calculation of adjusted earnings per share, the hypothetical interest expenses on hybrid capital are deferred over the fiscal year.

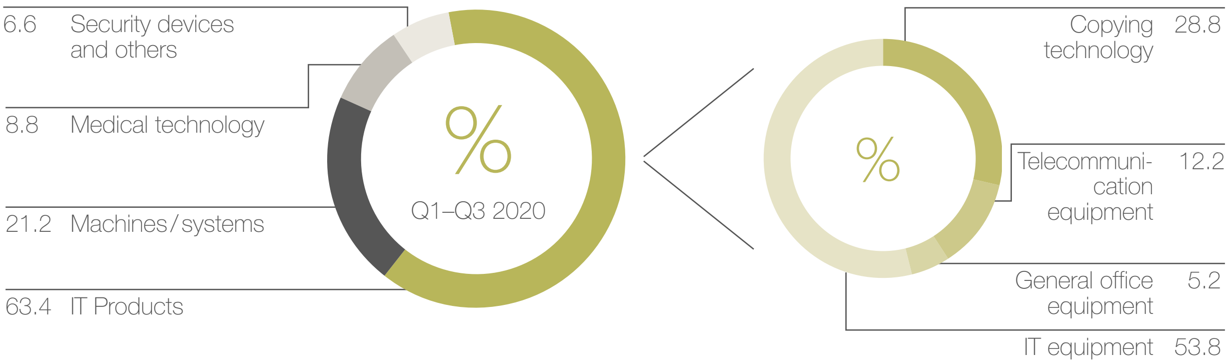
GRENKE Group = GRENKE Consolidated Group including franchise partners
GRENKE Consolidated Group = GRENKE AG and all consolidated subsidiaries and structured entities according to IFRS

AT A GLANCE

BROADLY DIVERSIFIED

LEASING NEW BUSINESS PORTFOLIO

IT PRODUCTS (IN DETAIL)

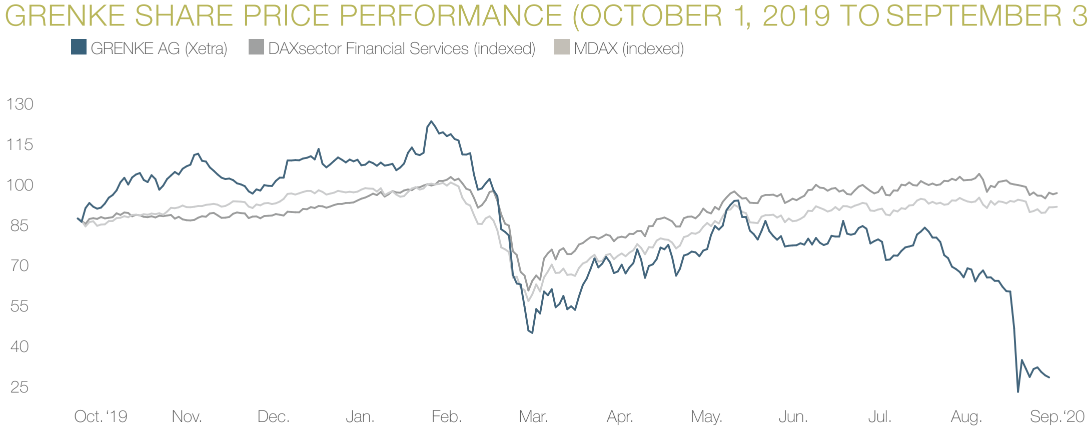


„By matching the incoming and outgoing payments in the coming quarters, we can handle both higher and lower levels of new business," explains **Sebastian Hirsch**, CFO of the GRENKE AG

„With the risk-adjusted management of our new business, a sufficiently high level of liquidity and appropriate cost savings, we are well equipped for the months ahead," explains **Antje Leminsky**, Chairman of the Board of the GRENKE AG

COURSE INFORMATION

GRENKE SHARE PRICE PERFORMANCE (OCTOBER 1, 2019 TO SEPTEMBER 30, 2020)



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CONDENSED INTERIM GROUP MANAGEMENT REPORT

1. BUSINESS PERFORMANCE

- **Leasing new business reaches EUR 517.6 million in the third quarter of 2020 compared to EUR 402.3 million in the second quarter of 2020**
- **Contribution margin 2 of leasing new business increases to 18.4% (Q3 2019: 17.1%)**
- **Corona pandemic makes it difficult to forecast business for Q4 and FY 2020**

1.1 SHORT-SELLER ATTACK

On September 15, 2020, Viceroy Research published a report in which numerous claims and accusations were made against GRENKE AG. According to its own statement, Viceroy Research has sold short shares in GRENKE AG in the run-up to the report's publication and bet on a drop in the share price. In a 64-page report, the acquisition and value of franchise companies, the disclosure of related parties, the existence of cash and cash equivalents reported in the 2020 Half-Year Financial Report, the value of the business model and the composition of the Supervisory Board were among the topics discussed.

At the suggestion of the Board of Directors, the Supervisory Board of GRENKE AG commissioned the Company's auditor, KPMG, to expand its audit activities within the scope of its role as the Company's auditor. Within the scope of this activity, the focus of KMPG’s audit is to acknowledge the negative statements made by Viceroy Research with regard to their effects on the annual and consolidated financial statements and the combined management report to be audited by KPMG. Additionally, the auditing company Warth & Klein Grant Thornton (has been mandated to review the market conformity of past franchise acquisitions and the advantageousness of these acquisitions for GRENKE AG. Moreover, GRENKE AG assured the German Federal Financial Supervisory Authority (BaFin) of its full cooperation in the Authority’s examination and welcomed the commissioning of the globally active auditing and consulting company Mazars by BaFin in this context for a special audit pursuant to Section 44 of the German Banking Act.

Key allegations, especially those concerning the liquidity of the GRENKE Consolidated Group, have been resolved. Specifically, KPMG has received responses from the banks confirming 99.4 percent (EUR 1.07 billion) of the bank balances as of June 30, 2020 and 99.2 percent (EUR 0.96 billion) of the bank balances as of September 15, 2020.

Warth & Klein Grant Thornton is involved in reviewing the customary nature and advantageousness of the franchise acquisitions.

Warth & Klein Grant Thornton received information on all franchise acquisitions and carried out an examination of four selected transactions that took place from 2008 to 2018. No further acquisitions were made after 2018. These four takeovers were the largest acquisitions, together accounting for around 60 percent of the purchase prices paid for all franchises acquired to date. Evidence of the purchase price payments for the franchise acquisitions under review has been provided and are being reviewed conclusively.

Warth & Klein Grant Thornton provided preliminary interim findings to the Company's Supervisory Board, showing that the four franchise companies under review contribute as a whole to the Consolidated Group's earnings. These earnings contributions are generated directly by the individual local franchises and other Consolidated Group companies. In the opinion of the Board of Directors, these contributions are overall in line with the earnings expectations justifying an investment in participations. From the Board of Directors' perspective, the acquisitions could therefore be deemed as positive for the GRENKE Consolidated Group.

KPMG is also examining the lease contract portfolio using random samples and reconciling the payments received from lessees as of July 1, 2020, August 1, 2020 and October 1, 2020 for the economically largest markets of Germany, Italy, France, Great Britain, Spain and Portugal. KPMG is also analysing the existence of lease contacts by random sample on a case-by-case basis, as well as selected key contractual documents and payments within the sample are being examined. KPMG also contacted selected lessees directly to confirm the lease contracts and outstanding lease payments.

Since 2003, the expansion of the GRENKE Consolidated Group into new markets has been carried out, among others, through franchise companies in which the managing partners of these companies hold a substantial minority interest. The majority of capital is held by various financial investors, including CTP Handels- und Beteiligungs GmbH (CTP). In the past, GRENKE has typically been able to acquire the franchise companies after a period of four to six years.

GRENKE plans to integrate the existing 16 franchise companies, that have not yet been acquired by the Consolidated Group. The GRENKE Board of Directors will initiate talks immediately with these companies' prior owners. In September, company founder and the indirect owner of CTP, Wolfgang Grenke, had offered to sell his interests to GRENKE AG ahead of schedule. The same is true for Garuna AG, which also holds interests.

Any transactions in this context are to be based on independent value assessments. The Consolidated Group plans to complete the acquisition of interests from all financial investors in stages over the next 12 to 18 months.

Irrespective of the future obligation under IFRS to consolidate the franchise companies in the consolidated financial statements, GRENKE AG intends to carry out a pro forma consolidation as early as the 2020 annual financial statements and show the anticipated effects on the balance sheet.

Wolfgang Grenke suspended his Supervisory Board mandate at GRENKE AG on September 21, 2020, and will continue to do so until the allegations of possible conflicts of interest have been completely clarified. Mr Grenke has also suspended his Supervisory Board mandate at GRENKE Bank AG, as well as his Executive Board mandate at Grenkeleasing AG in Switzerland. On October 1, 2020, the Supervisory Board of GRENKE AG elected Jens Rönnberg as the interim deputy chairman of the Supervisory Board. Mr Rönnberg was also appointed as a member of the Personnel Committee.

GRENKE AG is examining the option of taking legal action against Viceroy Research.

Further information on this issue and GRENKE's statements are available at www.grenke.de/shortattack.

1.2 IMPACT OF THE CORONA PANDEMIC

In the third quarter of 2020, the economic environment of the GRENKE Group continued to be largely dominated by the effects of the corona pandemic. After the severe slump caused by the restrictions on public life and economic activity (e.g. lockdowns) in the first half of 2020, most economies had shown signs of a recovery during the third quarter. The number of new infections in many countries however rose again at the end of the third quarter with a negative trend at the beginning of the fourth quarter.

Major European economies were hit particularly hard by the corona pandemic. The ifo Institute expects economic output in 2020 to fall by 9.6 percent each in France and Italy, by 10.7 percent in Great Britain, and by 11.4 percent in Spain. The anticipated slump can be explained not only by the duration and scope of the lockdown measures imposed but also by the relatively high dependence of these countries on tourism, as well as on the structural challenges that had already existed prior to the crisis (e.g. the upcoming Brexit, among others). In Germany, (ifo forecast: -5.5 percent), the economy has proved comparatively resilient so far and has benefited from the early measures taken to contain the pandemic, as well as from extensive government aid programmes.

New business at GRENKE Group Leasing in the reporting period largely reflected the overall economic development. Although new business in the first two months of the year remained within the range forecast at the beginning of the year, business in the months of March to May 2020 was at a significantly lower level compared to the previous year. In June, there was an initial pick-up, which continued throughout the months of July to September. With a year-on-year decline of 24.6 percent, new leasing business in the third quarter of 2020 was slightly above the level communicated by the Board of Directors at the end of July 2020 of around 70 percent of the previous year. GRENKE has entered into deferral agreements with leasing customers providing these customers with support in dealing with the current corona pandemic and its consequences. Under the deferral agreements, individual payments for lease instalments are deferred without interest for a set period of time and therefore not due until a later date.

For some countries, the longer-term outlook and planning parameters have changed as a result of the corona pandemic. This has led to extraordinary impairment on the goodwill of the leasing companies in Poland, Turkey and Brazil, and the factoring company in Switzerland.

GRENKE has adapted to the changed economic environment in the first nine months of 2020. The management of the business has been centred on the quality of contracted new business and balanced risk-taking. In doing so, GRENKE deliberately accepted a lower volume of new business. However, at the same time, it achieves higher CM2 margins, which can be used to cushion any potentially higher risks. In addition, the greater level of general uncertainty had already prompted the GRENKE Consolidated Group in the first half-year to deliberately maintain liquidity at a significantly higher level than in prior years. Liquidity as of the reporting date was EUR 796.7 million. Liquid funds serve to reduce potential liquidity risk and increase financial independence.

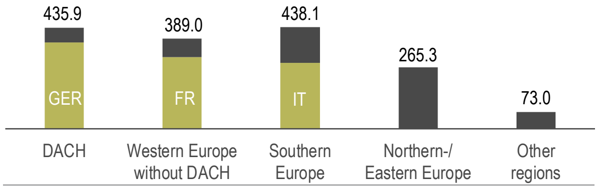
1.3 NEW BUSINESS OF THE GRENKE GROUP

The new business volume of the GRENKE Group comprises the newly financed business volume of the Consolidated Group and non-consolidated franchise partners. The pick-up in new business that began at the end of the second quarter continued during the third quarter of 2020. New business declined year-on-year by 19.2 percent to EUR 704.1 million (Q3 2019: EUR 870.9 million) due to the aforementioned economic environment. In the second quarter of 2020 (EUR 598.1 million), however, the year-on-year decline in new business was still 34.2 percent. In the first nine months of 2020, new business at the Group fell 16.6 percent to EUR 2,173.3 million (Q1-Q3 2019: EUR 2,604.9 million).

In the leasing business (GRENKE Group Leasing), the volume of new business – defined as the total acquisition costs of newly acquired leased assets – reached EUR 517.6 million in the third quarter of 2020, representing a year-on-year decline of 24.6 percent (Q3 2019: EUR 686.8 million). In the first nine months of 2020, the volume of new business recorded an overall decline of 23.4 percent to EUR 1,601.2 million (Q1-Q3 2019: EUR 2,091.7 million). Of the Group's reporting regions, the DACH region, comprising Germany, Austria and Switzerland, saw the smallest decline at 5.7 percent to EUR 435.9 million in the first nine months of the year (Q1-Q3 2019: EUR 462.1 million). The development in Germany, where new business fell a mere 5.5 percent in the first nine months of the year, contributed significantly to the relative stability of new business in the region. In its home market, GRENKE benefited from its extensive and longstanding reseller and customer relationships. Germany was also less affected by the corona pandemic than other European countries. In Western Europe without DACH, new business in the first nine months of the year fell by 28.4 percent to EUR 389.0 million (Q1-Q3 2019: EUR 543.6 million). In France, the most important individual market in the Western Europe region, the volume of new business fell by 31.4 percent. Southern Europe saw a decline of 31.6 percent to EUR 438.1 million (Q1-Q3 2019: EUR 640.8 million), with new business in Italy, the most important market in the region, falling by 36.4 percent. In the Northern/Eastern Europe region, new business fell by 24.8 percent to EUR 265.3 million (Q1-Q3 2019: EUR 352.6 million). In Great Britain, new business declined by 35.9 percent. Coming from a relatively low base, the other regions saw a 21.2 percent decline in the volume of new business to EUR 73.0 million (Q1-Q3 2019: EUR 92.6 million). SEE DIAGRAM "GRENKE GROUP LEASING NEW BUSINESS BY REGION"

NEW BUSINESS GRENKE GROUP LEASING[1]

Q1-Q3 2020, in EUR millions



[1] See the following page for a regional description.

The structure of the leasing portfolio was unchanged in the January to September 2020 period. Medical technology products, small machinery and systems, security devices and other objects accounted for a combined share of 36.6 percent of new business in the reporting period (Q1-Q3 2019: 36.7 percent).

In the first nine months of 2020, the GRENKE Group registered 398,174 lease applications (Q1-Q3 2019: 454,937), resulting in 190,328 newly concluded lease contracts (Q1-Q3 2019: 231,852). This corresponded to a decline in the conversion rate (applications into contracts) of 47.8 percent (Q1-Q3 2019: 51.0 percent). International markets accounted for 321,311 applications (Q1-Q3 2019: 376,642), which led to 142,199 new contracts (Q1-Q3 2019: 185,964). As a result, the conversion rate in the international markets fell to 44.3 percent (Q1-Q3 2019: 49.4 percent). In the DACH region, in contrast, the conversion rate increased to 62.6 percent (Q1-Q3 2019: 58.6 percent). The mean acquisition value per lease contract in the first nine months of the year fell to EUR 8,413 (Q1-Q3 2019: EUR 9,022). The slightly lower conversion rate at the Group level, as well as the lower mean acquisition value per lease contract, reflect a stricter approach to the acceptance of lease applications. The focus here was on contracts with low volumes from industries or with companies with good to very good credit ratings.

The share of contracts concluded via eSignature rose in the reporting period to 29.2 percent (Q1-Q3 2019: 24.3 percent). The eSignature offer is currently available in 20 markets and makes it possible to process lease contracts entirely digitally.

The contribution margin 2 (CM2) of new leasing business, defined as the present value of the operating income of a lease contract less cost of risk, profit from service business and gains/losses from disposals, declined on an absolute basis in the first nine months of 2020 to EUR 289.5 million (Q1-Q3 2019: EUR 350.3 million) but increased in percentage terms to 18.1 percent (Q1-Q3 2019: 16.7 percent). The margin increase was primarily a result of the greater proportion of highly profitable small-ticket business and was recorded across all regions. The CM2 margin in the third quarter of 2020 was 18.4 percent, marking a further improvement over the first half of 2020 (17.9 percent).

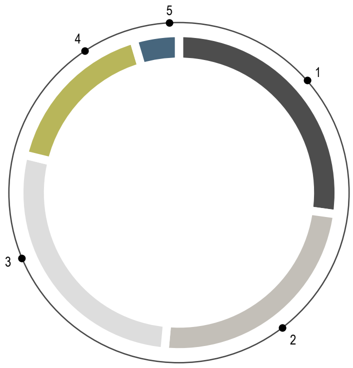
The strongest margin improvement in the first nine months was achieved in the Southern Europe region. In the same period of the prior year, the CM2 margin in that region was negatively affected by the expiration of tax incentives for lease financing in Italy ("super ammortamento"). The tax incentives for lessors enabled GRENKE to offer its customers better contract conditions. GRENKE adjusted its conditions at the beginning of 2019 after the programme had ended, which resulted in an initially lower CM2 margin in early 2019. During the quarters that followed, the CM2 margin gradually rose again. The CM1 margin of the leasing business (contribution margin 1 at acquisition values) was slightly better in the first nine months of 2020 at 12.7 percent, reaching EUR 202.6 million (Q1-Q3 2019: 12.3 percent and EUR 258.1 million).

The explanations above relate to new business at all subsidiaries and franchise companies. New leasing business at the franchisees amounted to EUR 50.2 million in the first nine months of 2020 (Q1-Q3 2019: EUR 60.4 million), of which EUR 44.0 million was attributable to Other regions (Q1-Q3 2019: EUR 54.6 million) and EUR 6.2 million to the region of Northern Europe (Q1-Q3 2019: EUR 5.8 million). The contribution margin 2 of the franchise operations totalled EUR 10.9 million compared to EUR 12.9 million in the prior-year period. Of that amount, EUR 9.5 million is attributable to Other regions (Q1-Q3 2019: EUR 11.6 million).

The new business volume (the total of purchased receivables) in the factoring business (GRENKE Group Factoring) fell in the first nine months of 2020 by 1.7 percent to EUR 467.7 million (Q1-Q3 2019: EUR 475.7 million). New business in Germany grew slightly by 2.1 percent, reaching a volume of EUR 132.2 million (Q1-Q3 2019: EUR 129.4 million). The significantly higher proportion of receivables management (excluding financing) of 24.0 percent (Q1-Q3 2019: 17.0 percent) resulted in a decline in the gross margin in Germany to 1.40 percent (Q1-Q3 2019: 1.57 percent). The international business of GRENKE Group Factoring was down 3.1 percent to EUR 335.6 million (Q1-Q3 2019: EUR 346.2 million). The share of receivables management (excluding financing) at the international level, which assumes no default risk, rose to 26.9 percent (Q1-Q3 2019: 22.2 percent). The gross margin in the international markets fell slightly to 1.41 percent (Q1-Q3 2019: 1.54 percent). The gross margin is based on an average period for a factoring transaction of approx. 26 days in Germany (Q1-Q3 2019: approx. 28 days) and approx. 48 days at an international level (Q1-Q3 2019: approx. 42 days).

In the nine-month period of 2020, GRENKE Bank expanded its new business in the area of lending to SMEs to a level of EUR 104.3 million (Q1-Q3 2019: EUR 37.6 million), benefitting above all from higher demand for KFW development loans. The deposit volume of GRENKE Bank increased to EUR 1,300.0 million as of the September 30, 2020 reporting date, making it 47.0 percent higher than the level of EUR 884.2 million reported at the end of the 2019 financial year and 62.7 percent above the level at the end of the third quarter of 2019 (EUR 799.3 million). It declined slightly, however, compared to the very high level at the end of the first half of 2020 (EUR 1,312.3 million).

GRENKE GROUP LEASING NEW BUSINESS BY REGION



GRENKE Group Leasing *(Share of new business in percent)*	2020 Q1-Q3	2019 Q1-Q3
1 DACH	27.2	22.1
2 Western Europe without DACH	24.3	26.0
3 Southern Europe	27.4	30.6
4 Northern/Eastern Europe	16.6	16.9
5 Other regions	4.6	4.4
GRENKE Group *(in EUR millions)*	**2020 Q1-Q3**	**2019 Q1-Q3**
New business GRENKE Group Leasing	1,601.2	2,091.7
New business GRENKE Group Factoring	467.8	475.7
Business start-up financing GRENKE Bank (incl. microcredit business)	104.3	37.6

Regions: DACH: Germany, Austria, Switzerland
Western Europe without DACH: Belgium, France, Luxembourg, the Netherlands
Southern Europe: Croatia, Italy, Malta, Portugal, Slovenia, Spain
Northern/Eastern Europe: Denmark, Finland, Great Britain, Ireland, Latvia*, Norway, Sweden / Czechia, Hungary, Poland, Romania, Slovakia
Other regions: Australia*, Brazil, Canada*, Chile*, Singapore*, Turkey, UAE, USA*

*Franchise

1.4 BUSINESS PERFORMANCE OF THE GRENKE CONSOLDATED GROUP

On August 6, 2020, GRENKE AG held its Annual General Meeting 2020, which was its first virtual ordinary annual general meeting. All agenda items were approved by the Annual General Meeting with a large majority. In addition to the discharge of the Board of Directors and Supervisory Board, Jens Rönnberg was elected to the Supervisory Board, KPMG AG Wirtschaftsprüfungsgesellschaft was appointed as the auditor for the current financial year, an amendment to the Articles of Association was made to facilitate voting by mail and a resolution was passed authorising the purchase of the Company's own shares. The Annual General Meeting also resolved a scrip dividend for the 2019 financial year. Shareholders were given the choice to receive their dividend entitlement exclusively in cash or partly in cash and partly in the form of GRENKE AG shares.

SELECTED INFORMATION FROM THE CONSOLIDATED INCOME STATEMENT

EURk	2020 Q1-Q3	2019 Q1-Q3[1]
Net interest income	**295,071**	**270,953**
Settlement of claims and risk provision	161,849	92,854
Net interest income after settlement of claims and risk provision	**133,222**	**178,099**
Profit from service business	85,303	72,813
Profit from new business	31,881	41,450
Gains (+)/ losses (-) from disposals	–1,761	–1,980
Income from operating business	**248,645**	**290,382**
Staff costs	84,215	84,917
of which total remuneration	68,863	69,699
of which fixed remuneration	53,272	50,671
of which variable remuneration	15,591	19,028
Selling and administrative expenses (excluding staff costs)	52,970	56,083
of which IT project costs	*2,148*	3,872
Earnings before taxes	**69,491**	**123,745**
Net profit	**55,676**	**103,764**
Earnings per share (in EUR, basic/diluted)	1.04	2.10

[1] Selected prior-year figures adjusted (see section "Adjustments" in the notes to the condensed interim consolidated financial statements)

2. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

2.1 RESULTS OF OPERATIONS

2.1.1 THIRD QUARTER COMPARISON 2020 VERSUS 2019

Interest and similar income from the financing business increased year-on-year by 4.1 percent in the third quarter of 2020. This marginal increase was primarily due to the low volume of new business in the first nine months of the year. Interest expenses on refinancing rose disproportionately, by 14.9 percent, so that net interest income in the third quarter rose by 2.5 percent to EUR 96.0 million (Q3 2019: EUR 93.6 million).

Expenses for the settlement of claims and risk provision rose in the third quarter of 2020 by 51.7 percent to EUR 48.8 million (Q3 2019: EUR 32.2 million) as a result of the corona pandemic. Compared to the previous quarter (Q2 2020: EUR 62.2 million) however, there was a decline in losses of 21.6 percent as expected. It should be noted that the line item settlement of claims and risk provision includes two components: impairments for losses that have already occurred and expected losses reflected as a risk provision. In accordance with IFRS 9, the calculation of expected credit losses is based on a three-step approach. If there is a significant deterioration in credit risk (Level 2) or impairment in creditworthiness (Level 3), a risk provision must be recognised in the amount of the expected losses over the entire remaining contractual term. As a result of the effects of the corona pandemic, a significantly higher number of leases were identified that needed to be classified as Level 2 and Level 3 as of the reporting date than in the same prior-year period. This led to a corresponding increase in the risk provision. The vast majority of the leases affected, however, had not been terminated as of the end of the reporting period. Should these lease contracts improve in the future, they will be transferred back to their previous level, and the excess risk provisions will be reversed. In comparison to the June 30, 2020 reporting date, however, fewer lease contracts were allocated to Level 3.

Total risk provision in accordance with IFRS 9 for all three levels and unterminated lease contracts in the reporting quarter amounted to EUR 19.7 million. The risk provision related primarily to the markets in Italy and France. In the second quarter of 2020, the risk provision under IFRS 9 had still amounted to EUR 31.0 million. The deferrals granted by GRENKE resulted in impairments totalling EUR 53.7 million as of the reporting date. The largest share of the total impairments – namely 72 per cent – is attributable to Level 1 under IFRS 9. For more detailed information on the settlement of claims and risk provision, please refer to section 3 on page 27 of the condensed notes to the consolidated financial statements.

The Consolidated Group's loss rate, which represents the ratio of expenses for the settlement of claims and risk provision (numerator) to the volume of leased assets (denominator), increased year-on-year to 2.2 percent (Q3 2019: 1.6 percent) but declined by 60 basis points compared to the previous quarter (Q2 2020: 2.8 percent). The year-on-year increase resulted from higher risk provisions, as well as a low increase in the volume of leased assets, which comprises the net acquisition values of all current lease contracts. Based on the level of new business in the first nine months, the volume of leased assets as of the September 30, 2020 reporting date (EUR 9,031 million) had increased 6.6 percent compared to the end of the 2019 financial year (December 31, 2019: EUR 8,474 million).

As a result of increased risk provisions, net interest income after settlement of clams and risk provision fell 23.3 percent to EUR 47.1 million in the third quarter of 2020 (Q3 2019: EUR 61.5 million).

Profit from service business rose by 7.3 percent to EUR 28.8 million in the reporting quarter (Q3 2019: EUR 26.9 million) and continued to benefit from the high volume of new business in prior years. Profits from new business, in contrast, fell 33.7 percent to EUR 8.6 million (Q3 2019: EUR 13.0 million), reflecting the decline in new business in the third quarter of 2020. Net gains/losses from disposals improved to EUR -0.3 million (Q3 2019: EUR -1.7 million) but remained slightly negative. As a result, income from operating business in the third quarter of 2020 declined by 15.4 percent to EUR 84.3 million (Q3 2019: EUR 99.6 million).

Staff costs in the third quarter fell by 8.9 percent to EUR 26.0 million (Q3 2019: EUR 28.5 million) primarily as a result of a lower level of variable compensation components. The average number of employees increased, in contrast, by 6.3 percent to 1,753 (based on full-time equivalents; Q1-Q3 2019: 1,649). Depreciation and amortisation nearly doubled in the reporting quarter to EUR 14.2 million (Q3 2019: EUR 7.4 million). The primary reason for the rise was impairments of goodwill for the leasing companies in Poland, Turkey and Brazil and the factoring company in Switzerland, totalling EUR 7.1 million. These impairments were based on the lower long-term planning figures for these companies, mainly as a result of the lower growth expectations caused by the corona pandemic. For further details, please refer to the notes to the condensed interim consolidated financial statements.

Despite additional legal, consultancy and auditing expenses of EUR 2.0 million caused by the short seller attack, there was a decline of 4.4 percent in selling and administrative expenses in the third quarter of 2020 to EUR 18.5 million (Q3 2019: EUR 19.3 million). This decrease resulted mainly from reduced marketing and travel expenses and lower IT project costs. The balance of other operating income and expenses in the reporting quarter was EUR 0.3 million (Q3 2019: EUR -1.2 million). This year-on-year improvement was due primarily to lower foreign currency translation differences. The impairment of goodwill mentioned above led to an increase in the cost-income ratio to 45.5 percent in the third quarter of 2020 (Q3 2019: 43.8 percent). Excluding impairments, the cost-income ratio would have declined to 40.1 percent. As explained in the Annual Report 2019, it is important to highlight that, starting with the 2020 financial year, GRENKE has been calculating the cost-income ratio in accordance with the calculation method customary in the financial sector, without taking into account expenses for settlement of claims and risk provision.

As a result of the rise in risk provisions and impairments of goodwill, the operating result in the third quarter fell by 39.9 percent to EUR 25.9 million (Q3 2019: EUR 43.2 million) and earnings before taxes by 46.3 percent to EUR 22.9 million (Q3 2019: EUR 42.7 million). The comparatively sharper decline in earnings before taxes also resulted from other interest expenses, which increased to EUR 3.4 million (Q3 2019: EUR 1.2 million). The higher interest expenses were, among other things, the result of negative interest on credit balances at the Deutsche Bundesbank. As the goodwill impairment charges were not tax-deductible, there was a rise in the tax rate in the third quarter to 22.7 percent (Q3 2019: 16.6 percent). As a result, the net profit in the reporting quarter was down 50.3 percent to EUR 17.7 million (Q3 2019: EUR 35.6 million), corresponding to earnings per share of EUR 0.38 (Q3 2019: EUR 0.77).

In accordance with the contractual structure of the hybrid bonds, the net profit attributed to the hybrid bondholders (EUR 7.4 million after EUR 6.5 million in the same period of the previous year) was recognised in full in the calculation of earnings per share as of March 30, 2020. In economic terms and based on a periodic deferral of interest payments for hybrid capital, earnings per share for the third quarter of 2020 amounted to EUR 0.33 (Q3 2020: EUR 0.73).

2.1.2 NINE-MONTH COMPARISON 2020 VERSUS 2019

Interest and similar income from financing business rose in the first nine months of 2020 by 9.7 percent to EUR 341.5 million (Q1-Q3 2019: EUR 311.2 million). Interest expenses on refinancing rose by 15.2 percent to EUR 46.4 million, compared to EUR 40.3 million in the same prior-year period. As a result, net interest income rose 8.9 percent to EUR 295.1 million (Q1-Q3 2019: EUR 271.0 million).

Risk provisions in accordance with IFRS 9 amounted to EUR 69.3 million in the first nine months of 2020, leading to a 74.3 percent increase in expenses for settlement of claims and risk provision to EUR 161.8 million (Q1-Q3 2019: EUR 92.9 million). The loss rate rose accordingly to 2.4 percent (Q1-Q3 2019: 1.6 percent). Net interest income after settlement of claims and risk provisions fell in the reporting period by 25.2 percent to EUR 133.2 million (Q1-Q3 2019: EUR 178.1 million).

The profit from service business grew 17.2 percent in the first nine months while the profit from new business fell by 23.1 percent. The net gains/losses from disposals improved slightly to EUR -1.8 million (Q1-Q3 2019: EUR -2.0 million). As a result, the income from operating business in the first nine months of 2020 fell year-on-year by 14.4 percent to EUR 248.6 million (Q1-Q3 2019: EUR 290.4 million).

At EUR 84.2 million, staff costs – the largest expense item – remained virtually unchanged in the first nine months of 2020 compared to the same prior-year period (Q1-Q3 2019: EUR 84.9 million). Selling and administrative expenses fell by 5.5 percent to EUR 53.0 million (Q1-Q3 2019: EUR 56.1 million) and benefited mainly from declining selling and IT project costs. Depreciation and amortisation, in contrast, increased by 36.3 percent to EUR 29.0 million (Q1-Q3 2019: EUR 21.3 million) as a result of the goodwill impairment. The balance of other operating income and expenses was EUR -5.0 million (Q1-Q3 2019: EUR -1.5 million) due to an increase in other operating expenses from higher foreign currency translation differences. These stemmed primarily from temporary differences during the term of foreign currency hedging relationships that do not currently qualify for hedge accounting. The differences resulted from the translation of balance sheet items at the closing rate and the market valuation of forward exchange rates. This difference should decline over the term of the hedge relationship, so that at the end of the term, the contracted forward exchange rate at which the hedge was made is decisive and will be realised. The cost-income ratio in the first nine months of 2020 fell to 43.1 percent (Q1-Q3 2019: 44.0 percent).

The operating result in the first nine months of the 2020 financial year declined 38.8 percent to EUR 77.5 million (Q1-Q3 2019: EUR 126.6 million). Earnings before taxes were 43.8 percent lower at EUR 69.5 million (Q1-Q3 2019: EUR 123.7 million). The tax rate for the reporting period rose to 19.9 percent, compared to 16.1 percent in the same prior-year period. As a result, net profit amounted to EUR 55.7 million (Q1-Q3 2019: EUR 103.8 million), for a decline of 46.3 percent, resulting in earnings per share of EUR 1.04 (Q1-Q3 2019: EUR 2.10).

SELECTED INFORMATION FROM THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EURk	**Sept. 30, 2020**	**Dec. 31, 2019**
Current assets	**3,314,176**	**2,972,450**
of which cash and cash equivalents	*796,715*	*434,379*
of which lease receivables	*1,999,267*	*1,901,181*
Non-current assets	**4,072,440**	**4,175,032**
of which lease receivables	*3,629,567*	*3,744,735*
Total assets	**7,386,616**	**7,147,482**
Current liabilities	**2,044,711**	**1,861,352**
of which financial liabilities	*1,868,407*	*1,716,313*
Non-current liabilities	**4,081,811**	**4,037,380**
of which financial liabilities	*3,973,323*	*3,924,353*
Equity	**1,260,094**	**1,248,750**
Equity ratio (in percent)	17.1	17.5
Total liabilities and equity	**7,386,616**	**7,147,482**
Embedded value incl. equity and after taxes	1,748,710	1,791,388

2.2 NET ASSETS AND FINANCIAL POSITION

2.2.1 NET ASSETS

As of September 30, 2020, total assets of the GRENKE Consolidated Group rose by 3.3 percent to EUR 7.4 billion in comparison to the end of the 2019 financial year (December 31, 2019: EUR 7.1 billion). A significant portion of this increase resulted from the rise in cash and cash equivalents, which amounted to EUR 796.7 million as of the reporting date (December 31, 2019: EUR 434.4 million). In the current macroeconomic situation, the GRENKE Consolidated Group is placing a special focus on maintaining sufficient liquidity reserves to have the flexibility to respond to market conditions. Overall, the Consolidated Group has significantly more cash and cash equivalents available than the current maturities of the GRENKE Consolidated Group's liabilities.

The Consolidated Group also has a regulatory obligation to maintain a liquidity buffer. As of the reporting date, EUR 597.3 million (December 31, 2019: EUR 212.2 million) were held in accounts at the Deutsche Bundesbank, which, due to the negative interest rate on deposits in the amount of -0.5 percent, caused corresponding interest expenses. In comparison to their level at the end of the second quarter (June 30, 2020: EUR 1.1 billion), cash and cash equivalents declined 26.1 percent, as expected, due to the pick-up in new business in the third quarter. Consequently, the high level of cash and cash equivalents and cash flow from operating activities made significant contributions to the financing of new business as planned.

The Consolidated Group's largest balance sheet item – current and non-current lease receivables – remained virtually unchanged at EUR 5.6 billion as of the reporting date (December 31, 2019: EUR 5.6 billion). This development reflects the low volume of new business during the reporting period.

The decline in other current assets to EUR 203.8 million (December 31, 2019: EUR 322.7 million) resulted largely from a reporting date-related decline in VAT refund claims.

The decline in goodwill to EUR 94.0 million (December 31, 2019: EUR 106.6 million) resulted from currency effects and specifically the devaluation of the Brazilian real and the Turkish lira. In addition, the impairments identified resulted in extraordinary impairment losses totalling EUR 7.1 million on the leasing companies in Poland, Turkey and Brazil and the factoring company in Switzerland.

On the liabilities side of the balance sheet, current and non-current financial liabilities increased by a total of 3.6 percent to EUR 5.8 billion (December 31, 2019: EUR 5.6 billion). The largest positions in this item were current and non-current liabilities from refinancing, which fell by 4.5 percent compared with the end of 2019 to EUR 4.5 billion (December 31, 2019: EUR 4.7 billion). Current and non-current liabilities from the deposit business, which make a significant contribution to refinancing the leasing business and therefore to lease receivables, in contrast, rose by 46.4 percent to EUR 1.3 billion (December 31, 2019: EUR 0.9 billion).

Consolidated Group equity increased 0.9 percent to EUR 1,260.1 million as of the September 30, 2020 reporting date (December 31, 2019: EUR 1,248.8 million). The Consolidated Group's net profit of EUR 55.7 million generated in the reporting period offset the distribution of a dividend totalling EUR 37.1 million, in addition to interest payments on hybrid capital of EUR 7.4 million and negative effects from currency translation of EUR 11.1 million. At the same time, there were positive effects of EUR 8.8 million from the issue of shares as part of the scrip dividend and EUR 2.8 million from the fair value measurement of hedging instruments. As a result of the increase in total assets from the higher level of cash and cash equivalents, the equity ratio as of September 30, 2020 declined to 17.1 percent (December 31, 2019: 17.5 percent) but continued to remain above the Consolidated Group's long-term benchmark of at least 16.0 percent.

2.2.2 LIQUIDITY

The high level of cash and cash equivalents and the broadly diversified refinancing structure ensured that the GRENKE Consolidated Group could meet its payment obligations at all times during the reporting period.

In the first nine months of 2020, three new fixed-interest bonds with a total gross volume of EUR 210 million and HKD 300 million were issued via the subsidiary Grenke Finance PLC. Further information about these bonds issued is provided in the notes to the condensed consolidated interim financial statements and is also available at www.grenke.com/investor-relations/debt-capital/issued-bonds. In addition, three promissory notes were issued for a total of EUR 19 million and CHF 40 million. In the short-term debt segment, GRENKE completed eight commercial paper issues in the first nine months of the year amounting to EUR 70 million. Bonds in the amount of EUR 153 million and CHF 70 million were redeemed in the reporting period, as well as promissory notes totalling EUR 46.5 million, PLN 10 million, DKK 46 million and SEK 48 million.

As of September 30, 2020, the utilisation of the ABCP programmes was EUR 652.0 million and GBP 109.7 million (December 31, 2019: EUR 709.9 million and GBP 125 million). The total volume of these programmes was EUR 947.8 million and GBP 150.0 million (December 31, 2019: EUR 947.8 million and GBP 150.0 million).

The Consolidated Group's available credit lines (i.e. bank lines plus the available volume of bonds and commercial paper) amounted to EUR 3,197.5 million, PLN 36.0 million, HRK 40.0 million and CHF 10.0 million as of the September 30, 2020 reporting date (December 31, 2019: EUR 1,565.6 million, PLN 27.0 million, HRK 70.0 million and CHF 14.5 million).

The Consolidated Group also intensified its cooperation with development banks and expanded its existing programmes to provide further support to SMEs. As of September 30, 2020, development loans totalled EUR 364.0 million (December 31, 2019: EUR 260.9 million).

Refinancing via bank deposits at GRENKE Bank amounted to EUR 1,300.0 million as of September 30, 2020, compared to EUR 799.3 million at the same time last year, representing an increase of 62.7 percent.

2.2.3 FINANCIAL POSITION

SELECTED INFORMATION FROM THE CONSOLIDATED STATEMENT OF CASH FLOWS

EURk	**2020 Q1-Q3**	**2019 Q1-Q3**
- Investments in new lease receivables	–1,595,206	–2,083,177
+ Addition of new refinancing (excluding deposit business)	986,858	1,834,344
+ Net addition to deposit business	413,594	106,077
(I) Cash flow from investments in new business	**–194,754**	**–142,756**
+ Payments by lessees	1,572,038	1,448,001
- Repayments of refinancing (excluding deposit business)	–1,039,408	–1,160,484
(II) Cash flow from existing business	**532,630**	**287,517**
(III) Other cash flow from operating activities	**95,212**	**29,438**
Cash flow from operating activities (I) + (II) + (III)	**433,088**	**174,199**
Net cash flow from operating activities	420,613	152,081
Cash flow from investing activities	–11,926	–18,123
Cash flow from financing activities	–48,500	–53,925
Total cash flow	**360,187**	**80,033**

Cash flow from operating activities increased to EUR 433.1 million in the first nine months of 2020 (Q1-Q3 2019: EUR 174.2 million). As presented above, net cash flow from investments in new business consists of investments in new lease receivables, which include the net acquisition cost of the leased assets and the costs incurred directly upon the conclusion of the contract. These payments are offset by the cash inflows from the increase in refinancing and in the deposit business of the GRENKE Bank. The negative cash flow from investments in new business of EUR - 194.8 million shows that GRENKE generated a portion of the new business without undertaking new refinancing. The reason for this was the strong cash flow from the existing business of EUR 532.6 million, which made it possible to refinance new business from the Consolidated Group's own cash flow and the precautionary build-up of liquid funds.

After interest and taxes paid and received, net cash flow from operating activities in the reporting period amounted to EUR 420.6 million (Q1-Q3 2019: EUR 152.1 million).

Cash flow from investing activities amounted to EUR -11.9 million in the first nine months of 2020 (Q1-Q3 2019: EUR -18.1 million) and mainly included payments for the acquisition of property, plant and equipment and intangible assets of EUR 12.5 million (Q1-Q3 2019: EUR 18.6 million).

Cash flow from financing activities amounted to EUR -48.5 million in the nine-month period (Q1-Q3 2019: EUR -53.9 million). This improvement was primarily due to the fact that the dividend payment has resulted in a cash outflow of only EUR 28.2 million (Q1-Q3 2019: EUR 37.1 million) as a result of the stock dividend resolved by the Annual General Meeting. Interest payment on hybrid capital amounted to EUR 10.7 million (Q1-Q3 2019: EUR 9.4 million). The repayment of lease liabilities also led to a cash outflow of EUR 8.8 million (Q1-Q3 2019: EUR 7.8 million).

Total cash flow in the first nine months therefore amounted to EUR 360.2 million (Q1-Q3 2019: EUR 80.0 million). Cash and cash equivalents increased accordingly to EUR 795.7 million as of September 30, 2020, up from EUR 434.3 million at the end of the 2019 financial year.

3. REPORT ON RISKS, OPPORTUNITIES AND FORECAST

3.1 OPPORTUNITIES AND RISKS

Due to the restrictions on macroeconomic activity in 2020 resulting from the corona pandemic, uncertainty has increased significantly in comparison to the situation described in the 2019 Annual Report, especially with regard to credit and liquidity risks.

The International Monetary Fund (IMF) expects a noticeable slump in economic output in nearly all countries in 2020. Although many countries have launched extensive aid programmes in the form of loan commitments and guarantees to ensure the solvency of companies, a significant increase in corporate insolvencies is expected in the current financial year. Euler Hermes, for example, expects a 17 percent increase in the number of insolvencies worldwide. In the first nine months of 2020, the payment behaviour of GRENKE Consolidated Group's customers also changed as a result of macroeconomic effects, although an improvement in comparison to prior months could already be observed starting in June 2020. As a result of late or missed payment receipts, an increase in losses is to be expected in the current financial year, as reflected by the higher IFRS 9 risk provisions as of September 30, 2020. The GRENKE Consolidated Group has not yet adjusted the risk forecast model in accordance with IFRS 9 and has retained its previous method of determining the expected losses as of September 30, 2020. Since the initial assessment in the first quarter of 2020 of the impact of the pandemic, the GRENKE Consolidated Group continues to assume that the loss rate for the 2020 financial year as a whole could reach up to 2.3 percent. The GRENKE Consolidated Group believes it is well-prepared for the risks that could arise from a further spread of the corona pandemic based on its high level of cash and cash equivalents, which it has built up as a precautionary measure. This liquidity gives the Consolidated Group the flexibility necessary to respond to the dynamic developments caused by the coronavirus, even in the event of a low volume of new business.

Nevertheless, the economic environment offers opportunities from the insights and observations that can be integrated into risk measurement at an early stage, enabling the risk-adjusted conclusion of contracts. GRENKE strives for the best possible balance between risk and contribution margin. In addition, the Company's relationship with its customers and partners is strengthened by the fact that GRENKE continues to support companies in the implementation of investment projects even during economically challenging times.

3.2 MACROECONOMIC AND INDUSTRY-SPECIFIC ENVIRONMENT

In its latest forecast of October 2020, the International Monetary Fund raised its estimates slightly for the current year. Although it still anticipates a deep recession, it now estimates a decline in the global economy of only 4.4 percent (June forecast: -4.9 percent). This somewhat more optimistic view is based primarily on the expectations for the advanced economies, particularly the eurozone (-8.3 percent compared to -10.2 percent) and the United States (-4.3 percent compared to -8.0 percent), which are being supported by massive government stimulus programmes. The IMF expects the recovery to continue in the coming year, although there is considerable uncertainty due to risks about the further course of the pandemic. Overall, the IMF is projecting global economic growth of 5.2 percent in 2021 and 5.2 percent growth for the eurozone economy.

3.3 COMPANY FORECAST

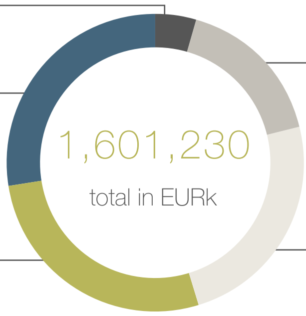
As previously announced in both April and July 2020, the impact of the corona pandemic on the further development of the business and earnings of the GRENKE Group can still not be assessed with any certainty and was not taken into consideration in the forecast for the 2020 financial year published on February 11, 2020. The development of new business for the current financial year as a whole remains dependent on the further course of the corona pandemic and the related economic restrictions. In light of the general economic situation resulting from the pandemic, the Board of Directors expects new business in the fourth quarter of 2020 to be approximately 60 percent of the previous year's Q4 level. At the beginning of the year, new business growth of between 14 and 18 percent had initially been targeted.

Based on lower new business volumes and appropriate cost savings, the Consolidated Group is able to operate profitably, even in a crisis, although the net profit will be below the target range of EUR 153 to 165 million announced at the beginning of the year. Based on the solid liquidity situation and the stable number of employees – especially in sales – the GRENKE Consolidated Group is in a position to respond immediately to any respective easing or normalisation developments.

The Board of Directors and Supervisory Board are confident that GRENKE Group will be able to resume its multi-year growth course after the global corona pandemic has abated.

ON SITE WORLDWIDE

NEW BUSINESS GRENKE GROUP LEASING
by regions. Q1–Q3 2020



72,958
Other regions

389,011
Western Esurope
(without DACH)

438,121
Southern Europe

265,267
Northern / Eastern
Europe

435,872
DACH

PROXIMITY TO THE CUSTOMER
Regions / Markets

33

New locations, Q1-Q3 2020

+5

LOCATIONS GRENKE GROUP

153

SOLID KEY FIGURES

CONSOLIDATED GROUP NET PROFIT*

17.7

EUR million

EARNINGS PER SHARE*

0.38

EUR

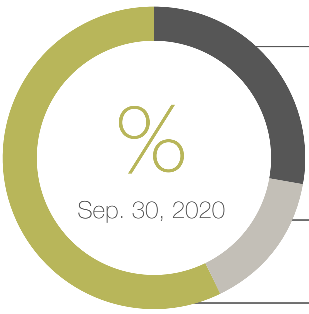
EQUITY RATIO*

17.1

Percent

BROAD REFINANCING BASE

THREE PILLARS: GRENKE CONSOLIDATED GROUP'S REFINANCING MIX



GRENKE Bank 28

Asset-based 15

Senior unsecured 57

DIGITAL ALIGNMENT

eSIGNATURE QUOTE

29.2

percent of all new leasing contracts were fully digitally completed.

eSIGNATURE
Number of countries

20

eSignature is used in 20 countries.

* Reporting period: 3rd quarter 2020

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	Q3		Q1-Q3	
EURk	**Jul. 1, 2020 to Sep. 30, 2020**	**Jul. 1, 2019 to Sep. 30, 2019**	**Jan. 1, 2020 to Sep. 30, 2020**	**Jan. 1, 2019 to Sep. 30, 2019[1]**
Interest and similar income from financing business[2]	112,169	107,745	341,474	311,219
Expenses from interest on refinancing and deposit business	16,211	14,104	46,403	40,266
Net interest income	**95,958**	**93,641**	**295,071**	**270,953**
Settlement of claims and risk provision	48,812	32,170	161,849	92,854
Thereof: impairment losses	*47,632*	*30,590*	*157,124*	*88,098*
Net interest income after settlement of claims and risk provision	**47,146**	**61,471**	**133,222**	**178,099**
Profit from service business	28,839	26,866	85,303	72,813
Profit from new business	8,591	12,957	31,881	41,450
Gains(+) / losses (–) from disposals	–299	–1,651	–1,761	–1,980
Income from operating business	**84,277**	**99,643**	**248,645**	**290,382**
Staff costs	25,974	28,527	84,215	84,917
Depreciation and impairment	14,221	7,384	28,996	21,275
Selling and administrative expenses (not including staff costs)	18,476	19,335	52,970	56,083
Other operating expenses	1,183	3,108	9,960	8,300
Other operating income	1,495	1,870	4,953	6,831
Operating result	**25,918**	**43,159**	**77,457**	**126,638**
Result from investments accounted for using the equity method	–36	–66	–254	–155
Expenses / income from fair value measurement	127	168	–1,186	–633
Other interest income	325	619	1,433	1,291
Other interest expenses	3,414	1,194	7,959	3,396
Earnings before taxes	**22,920**	**42,686**	**69,491**	**123,745**
Income taxes	5,214	7,074	13,815	19,981
Net profit	**17,706**	**35,612**	**55,676**	**103,764**
Ordinary shareholders and hybrid capital holders of GRENKE AG	17,706	35,612	55,676	103,764
Earnings per share (in EUR)	0.38	0.77	1.04	2.10
Average number of shares outstanding	46,390,871	46,353,918	46,366,326	46,353,918

[1] Selected prior-year figures adjusted (see section "Adjustments" in the notes to the condensed interim consolidated financial statements)
[2] Interest and similar income based on effective interest method: EUR 8,194k (previous year: EUR 6,512k).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q3		Q1-Q3	
EURk	**Jul. 1, 2020 to Sep. 30, 2020**	**Jul. 1, 2019 to Sep. 30, 2019**	**Jan. 1, 2020 to Sep. 30, 2020**	**Jan. 1, 2019 to Sep. 30, 2019[1]**
Net profit	**17,706**	**35,612**	**55,676**	**103,764**
Items that may be reclassified to profit and loss in future periods				
Appropriation to / reduction of hedging reserve	329	–7	2,436	4
Thereof: income tax effects	–47	1	–348	–1
Change in currency translation differences	–2,206	808	–11,106	1,329
Thereof: income tax effects	0	0	0	0
Items that will not be reclassified to profit and loss in future periods				
Change in value of equity instruments recognised in other comprehensive income (option under IFRS 9)	0	0	0	0
Thereof: income tax effects	0	0	0	0
Appropriation to / reduction of reserve for actuarial gains and losses	0	0	0	0
Thereof: income tax effects	0	0	0	0
Other comprehensive income	–1,877	801	–8,670	1,333
Total comprehensive income	**15,829**	**36,413**	**47,006**	**105,097**
Ordinary shareholders and hybrid capital holders of GRENKE AG	**15,829**	**36,413**	**47,006**	**105,097**

1 Selected prior-year figures adjusted (see section "Adjustments" in the notes to the condensed interim consolidated financial statements).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EURk	**Sep. 30, 2020**	**Dec. 31, 2019**
Assets		
Current assets		
Cash and cash equivalents	796,715	434,379
Derivative financial instruments that are assets	5,124	946
Lease receivables	1,999,267	1,901,181
Other current financial assets	254,447	252,504
Trade receivables	6,048	9,272
Lease assets for sale	26,293	24,038
Tax assets	22,453	27,450
Other current assets	203,829	322,680
Total current assets	**3,314,176**	**2,972,450**
Non-current assets		
Lease receivables	3,629,567	3,744,735
Derivative financial instruments that are assets	4,911	1,492
Other non-current financial assets	120,390	96,650
Investments accounted for using the equity method	4,669	4,923
Property, plant and equipment	115,002	109,092
Right-of-use assets	47,575	50,315
Goodwill	93,964	106,555
Other intangible assets	34,502	37,899
Deferred tax assets	20,502	21,967
Other non-current assets	1,358	1,404
Total non-current assets	**4,072,440**	**4,175,032**
Total assets	**7,386,616**	**7,147,482**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EURk	**Sep. 30, 2020**	**Dec. 31, 2019**
Liabilities and equity		
Liabilities		
Current liabilities		
Financial liabilities	1,868,407	1,716,313
Lease liabilities	11,514	12,148
Derivative liability financial instruments	2,254	8,506
Trade payables	37,313	35,890
Tax liabilities	6,931	3,059
Deferred liabilities	25,732	30,219
Other current liabilities	49,350	31,583
Deferred lease payments	43,210	23,634
Total current liabilities	**2,044,711**	**1,861,352**
Non-current liabilities		
Financial liabilities	3,973,323	3,924,353
Lease liabilities	37,174	38,679
Derivative liability financial instruments	9,952	7,445
Deferred tax liabilities	55,598	61,676
Pensions	5,666	5,128
Non-current provisions	98	99
Total non-current liabilities	**4,081,811**	**4,037,380**
Equity		
Share capital	46,496	46,354
Capital reserves	298,021	289,314
Retained earnings	723,837	712,672
Other components of equity	–8,260	410
Total equity attributable to shareholders of GRENKE AG	**1,060,094**	**1,048,750**
Additional equity components [1]	200,000	200,000
Total equity	**1,260,094**	**1,248,750**
Total liabilities and equity	**7,386,616**	**7,147,482**

[1] Including AT1 bonds (hybrid capital), which are reported as equity under IFRS.

CONSOLIDATED STATEMENT OF CASH FLOWS

	EURk	2020 Q1-Q3	2019 Q1-Q3[1]
	Earnings before taxes	**69,491**	**123,745**
	Non-cash items contained in earnings and reconciliation to cash flow from operating activities		
+	Depreciation and impairment	28,996	21,275
– / +	Profit / loss from the disposal of property, plant, and equipment and intangible assets	–46	–25
– / +	Other interest income / interest expenses	6,099	1,741
– / +	Other non-cash effective income / expenses	1,171	5,400
+ / –	Increase / decrease in deferred liabilities, provisions, and pensions	–3,950	1,395
–	Additions to lease receivables	–1,595,206	–2,083,177
+	Payments by lessees	1,572,038	1,448,001
+	Disposals / reclassifications of lease receivables at residual carrying amounts	276,791	261,895
–	Interest and similar income from leasing business	–329,979	–301,287
+ / –	Decrease / increase in other receivables from lessees	50,095	966
+ / –	Currency translation differences	43,343	–4,555
=	Change in lease receivables	17,082	–678,157
+	Addition to liabilities from refinancing	986,858	1,834,344
–	Payment of annuities to refinancers	–1,039,408	–1,160,484
–	Disposal of liabilities from refinancing	–162,773	–40,009
+	Expenses from interest on refinancing	40,119	36,894
+ / –	Currency translation differences	–37,445	3,865
=	Change in refinancing liabilities	–212,649	674,610
+ / –	Increase / decrease in liabilities from deposit business	413,594	106,077
– / +	Increase / decrease in loans to franchisees	–2,567	–42,097
	Changes in other assets / liabilities		
– / +	Increase / decrease in other assets	83,443	–63,847
– / +	Increase / decrease in lease assets from operating leases	–2,597	–12,344
+ / –	Increase / decrease in deferred lease payments	19,576	14,321
+ / –	Increase / decrease in other liabilities	15,445	22,105
=	**Cash flow from operating activities**	**433,088**	**174,199**

[1] Selected prior-year figures adjusted (see section "Adjustments" in the notes to the condensed interim consolidated financial statements).

continued on next page

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	EURk	2020 Q1-Q3	2019 Q1-Q3[1]
– / +	Income taxes paid / received	–5,949	–20,013
–	Interest paid	–7,959	–3,396
+	Interest received	1,433	1,291
=	**Net cash flow from operating activities**	**420,613**	**152,081**
–	Payments for the acquisition of property, plant and equipment and intangible assets	–12,487	–18,591
– / +	Payments for / proceeds from the acquisition of subsidiaries	0	–390
–	Payments for the acquisition of associated entities	0	–250
+	Proceeds from the sale of property, plant and equipment and intangible assets	561	1,108
=	**Cash flow from investing activities**	**–11,926**	**–18,123**
+ / –	Borrowing / repayment of bank liabilities	–813	345
–	Repayment of lease liabilities	–8,789	–7,812
–	Interest coupon payments on hybrid capital	–10,664	–9,375
–	Dividend payments	–28,234	–37,083
=	**Cash flow from financing activities**	**–48,500**	**–53,925**
	Cash funds at beginning of period		
	Cash in hand and bank balances	434,379	333,626
–	Bank liabilities from overdrafts	–73	–3,112
=	**Cash and cash equivalents at beginning of period**	**434,306**	**330,514**
+ / –	Change due to currency translation	1,217	–88
=	**Cash funds after currency translation**	**435,523**	**330,426**
	Cash funds at end of period		
	Cash in hand and bank balances	796,715	411,124
–	Bank liabilities from overdrafts	–1,005	–665
=	**Cash and cash equivalents at end of period**	**795,710**	**410,459**
	Change in cash and cash equivalents during the period (= total cash flow)	**360,187**	**80,033**
	Net cash flow from operating activities	420,613	152,081
+	Cash flow from investing activities	–11,926	–18,123
+	Cash flow from financing activities	–48,500	–53,925
=	**Total cash flow**	**360,187**	**80,033**

[1] Selected prior-year figures adjusted (see section "Adjustments" in the notes to the condensed interim consolidated financial statements).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EURk	**Share capital**	**Capital reserves**	**Retained earnings / Consolidated net profit**	**Hedging reserve**	**Reserve for actuarial gains / losses**	**Currency translation**	**Revaluation reserve for equity instruments (IFRS 9)**	**Total equity attributable to shareholders of GRENKE AG**	**Additional equity components**	**Total equity**
Equity as of Jan. 1, 2020 (adjusted)	46,354	289,314	712,672	–2,193	–1,393	1,641	2,355	1,048,750	200,000	1,248,750
Net profit			55,676					55,676		55,676
Other comprehensive income				2,436		-11,106		-8,670		-8,670
Dividend in 2020 for 2019			**–37,083**					**–37,083**		**–37,083**
Capital increase (issuance of shares from scrip dividend)	142	8,707						8,849		8,849
Interest coupon payment on hybrid capital (net)									**–7,428**	**–7,428**
Interest coupon for hybrid capital (net)			–7,428					–7,428	7,428	0
Equity as of Sep. 30, 2020	**46,496**	**298,021**	**723,837**	**243**	**–1,393**	**-9,465**	**2,355**	**1,060,094**	**200,000**	**1,260,094**
Equity as of Jan. 1, 2019[1] (as reported)	46,354	289,314	616,257	–7	–828	–731	2,295	952,654	125,000	1,077,654
Adjustment to IFRS 16 accounting standard (lessee)			–745			12		–733		–733
Equity as of Jan. 1, 2019 (adjusted)	46,354	289,314	615,512	–7	–828	–719	2,295	951,921	125,000	1,076,921
Net profit[1]			103,764					103,764		103,764
Other comprehensive income[1]				4		1,329		1,333		1,333
Dividend in 2019 for 2018			–37,083					–37,083		–37,083
Interest coupon payment on hybrid capital (net)[1]									–6,531	–6,531
Interest coupon for hybrid capital (net)[1]			–6,531					–6,531	6,531	
Equity as of Sep. 30, 2019[1]	46,354	289,314	675,662	–3	–828	610	2,295	1,013,404	125,000	1,138,404

[1] Selected prior-year figures adjusted (see section "Adjustments" in the notes to the condensed interim consolidated financial statements).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

This quarterly statement of GRENKE AG is a quarterly statement pursuant to Section 53 of the Exchange Rules for the Frankfurt Stock Exchange and does not constitute a complete interim financial statement within the meaning of International Accounting Standard (IAS) 34. The quarterly statement has been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the EU. It should be read in conjunction with the IFRS consolidated financial statements as of December 31, 2019. The accounting policies generally correspond to the methods used in the previous year. The impact of changes resulting from the mandatory application of new accounting standards was not material for the GRENKE Consolidated Group. An audit review as defined by Section 115 (5) WpHG was not conducted.

1.1 DEFERRAL AGREEMENTS

GRENKE has entered into deferral agreements with its leasing customers providing them with support in response to the current COVID-19 pandemic and its consequences. Under the deferral agreements, individual payments for lease instalments are deferred without interest for a set period of time and become due at a later date. Portions of these deferral agreements are based on statutory moratoria. In GRENKE's view, these agreed deferrals have not led to any changes in the scope or consideration of leases. Consequently, the changes in payments are treated as non-substantial contract changes (modifications). The interest rates underlying the leases are carried forward unchanged when calculating the net investment in a lease. Deferral agreements have also been concluded with customers in the lending business. In these cases, the debtors were also granted deferrals for loan instalments for a set period of time, but with interest. These cases also constitute non-substantial contract changes, as neither the qualitative nor the quantitative indicators were met that would justify a modification. For more information, please refer to the accounting policies described in the notes to the consolidated financial statements as of December 31, 2019.

2. ADJUSTMENTS

The retrospective amendment of IFRS 16 "Leases" for lessors in the previous year, which was applied to the consolidated financial statements only as of December 31, 2019, led to a corresponding change in the consolidated income statement as of September 30, 2019. Net interest income increased by EUR 31,038k and the settlement of claims and risk provision rose by EUR 611k. Conversely, profit from new business decreased by EUR 31,951k and gains(+)/losses(-) from disposals increased by EUR 2,404k. Overall, there was an increase in earnings before taxes of EUR 881k and net profit (after taxes) of EUR 728k. For further information, please refer to section "2.1.4 IFRS 16 Leases – The Consolidated Group as Lessor" in the consolidated financial statements as of December 31, 2019 contained in the notes to the consolidated financial statements.

3. LEASE RECEIVABLES

EURk	**Sep. 30, 2020**	**Dec. 31, 2019**
Changes in lease receivables from current contracts (performing lease receivables)		
Receivables at beginning of period	**5,588,109**	**4,645,971**
+ Change during the period	33,012	942,138
Lease receivables (current + non-current) from current contracts at end of period	**5,621,121**	**5,588,109**
Changes in lease receivables from terminated contracts/contracts in arrears (non-performing lease receivables)		
Gross receivables at beginning of period	**411,490**	**331,048**
+ Additions to gross receivables during the period	102,206	133,647
– Disposals of gross receivables during the period	38,511	53,205
Gross receivables at end of period	**475,185**	**411,490**
Total gross receivables (terminated and current)	**6,096,306**	**5,999,599**
Impairments at beginning of period	**353,683**	**279,480**
+ Change in accumulated impairment during the period	113,789	74,203
Impairments at end of period	**467,472**	**353,683**
Lease receivables (carrying amount, current and non-current) at beginning of period	5,645,916	4,697,539
Lease receivables (carrying amount, current and non-current) at end of period	**5,628,834**	**5,645,916**

The following overview shows the gross amount of lease receivables and the impairment of lease receivables according to the IFRS 9 impairment level. The GRENKE Consolidated Group does not have any financial instruments classified as POCI as defined by IFRS 9.

			Sep. 30, 2020		**Dec. 31, 2019**
EURk	Level 1	Level 2	Level 3	**Total**	**Total**
Gross lease receivables					
Germany	1,172,594	47,180	46,383	1,266,157	1,210,593
France	1,100,614	120,189	121,654	1,342,457	1,351,940
Italy	1,056,400	173,195	168,648	1,398,243	1,385,640
Other countries	1,712,188	175,248	202,013	2,089,449	2,051,426
Total gross lease receivables	**5,041,796**	**515,812**	**538,698**	**6,096,306**	**5,999,599**
Impairment	80,872	61,828	324,772	467,472	353,683
Carrying amount	**4,960,924**	**453,984**	**213,926**	**5,628,834**	**5,645,916**

The following overview shows changes in the impairment of current and non-current lease receivables.

	Sep. 30, 2020				Dec. 31, 2019
EURk	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total**
Impairment at start of period	**46,098**	**43,017**	**264,568**	**353,683**	**279,480**
Newly extended or acquired financial assets	14,118	9,195	10,611	33,924	68,029
Reclassifications					
to Level 1	4,505	–3,596	–909	0	0
to Level 2	–4,683	12,355	–7,672	0	0
to Level 3	–2,336	–12,870	15,206	0	0
Change in risk provision due to change in level	–3,698	9,853	60,324	66,479	55,308
Mutual contract dissolution or payment for financial assets (without derecognition)	–15,273	–12,303	–13,315	–40,891	–41,276
Change in contractual cash flows due to modification (no derecognition)	38,708	13,184	1,815	53,707	0
Change in category in processing losses	0	0	13,008	13,008	13,988
Change in models/risk parameters used in ECL calculation	0	0	12,309	12,309	5,219
Derecognition of financial assets	–18	–173	–29,106	–29,297	–35,484
Currency translation and other differences	–520	–520	–4,189	–5,229	1,162
Accrued interest	3,971	3,686	2,122	9,779	7,257
Impairment at end of period	**80,872**	**61,828**	**324,772**	**467,472**	**353,683**
thereof impairment of non-performing lease receivables	*0*	*0*	*288,685*	*288,685*	*240,885*
thereof impairment of performing lease receivables	*80,872*	*61,828*	*36,087*	*178,787*	*112,798*

The item "Change in contractual cash flows due to modification (no derecognition)" contains the impairments of the deferral agreements from the leasing business described in Section 1 "Accounting Policies". Lease contracts with deferral agreements have been allocated to impairment Levels 1, 2 and 3 based on their payment history after the deferral has ended or due to an extension of the deferral period.

4. FINANCIAL LIABILITIES

EURk	**Sep. 30, 2020**	**Dec. 31, 2019**
Financial liabilities		
Current financial liabilities		
Asset-based	326,835	403,975
Senior unsecured	661,105	758,420
Committed development loans	202,023	83,122
Liabilities from deposit business	677,439	469,910
thereof bank liabilities	5,600	*6,300*
Other bank liabilities	1,005	886
thereof current account liabilities	1,005	*73*
Total current financial liabilities	**1,868,407**	**1,716,313**
Non-current financial liabilities		
Asset-based	472,643	512,943
Senior unsecured	2,712,137	2,813,124
Committed development loans	161,954	177,761
Liabilities from deposit business	626,589	420,525
Total non-current financial liabilities	**3,973,323**	**3,924,353**
Total financial liabilities	**5,841,730**	**5,640,666**

4.1 ASSET-BASED FINANCIAL LIABILITIES

4.1.1 STRUCTURED ENTITIES

The following consolidated structured entities existed as of the reporting date: Opusalpha Purchaser II Limited, Kebnekaise Funding Limited, CORAL PURCHASING (Ireland) 2 DAC, FCT "GK" COMPARTMENT "G2" (FCT GK 2), FCT "GK" COMPARTMENT "G3" (FCT GK 3) and FCT "GK" COMPARTMENT "G4" (FCT GK 4). All structured entities have been set up as asset-backed commercial paper (ABCP) programmes.

	Sep. 30, 2020	Dec. 31, 2019
Programme volume in local currency		
EURk	*947,802*	*947,802*
GBPk	*150,000*	*150,000*
Programme volume in EURk	1,112,213	1,124,107
Utilisation in EURk	775,775	860,064
Carrying amount in EURk	695,067	761,560
thereof current	*271,466*	*334,040*
thereof non-current	*423,601*	*427,520*

4.1.2 SALES OF RECEIVABLES AGREEMENTS

	Sep. 30, 2020	Dec. 31, 2019
Programme volume in local currency		
EURk	*20,000*	*20,000*
GBPk	*100,000*	*100,000*
PLNk	*0*	*80,000*
BRLk	*185,000*	*185,000*
Programme volume in EURk	157,507	197,298
Utilisation in EURk	103,666	153,634
Carrying amount in EURk	103,666	153,634
thereof current	*54,783*	*68,798*
thereof non-current	*48,883*	*84,836*

4.1.3 RESIDUAL LOANS

The residual loans are used primarily to finance the residual values of lease agreements in which the instalments were sold as part of the sale of receivables.

EURk	Sep. 30, 2020	Dec. 31, 2019
Carrying amount	745	1,724
thereof current	*586*	*1,137*
thereof non-current	*159*	*587*

4.2 SENIOR UNSECURED FINANCIAL LIABILITIES

The following table provides an overview of the carrying amounts of the individual refinancing instruments:

EURk	Sep. 30, 2020	Dec. 31, 2019
Bonds	2,786,260	2,764,192
thereof current	*433,992*	*336,652*
thereof non-current	*2,352,268*	*2,427,540*
Promissory notes	426,390	431,587
thereof current	*107,485*	*92,449*
thereof non-current	*318,905*	*339,138*
Commercial paper	20,000	226,500
Revolving credit facility	96,367	114,319
thereof current	*55,403*	*67,873*
thereof non-current	*40,964*	*46,446*
Money market trading	9,938	11,770
thereof current	*9,938*	*11,770*
thereof non-current	*0*	*0*
Overdraft facility	8,406	3,829
Accrued interest	25,881	19,347

The following table provides an overview of the refinancing volumes of the individual instruments:

	Sep. 30, 2020	Dec. 31, 2019
Bonds EURk	5,000,000	3,500,000
Commercial paper EURk	750,000	750,000
Revolving credit facility EURk	330,000	330,000
Revolving credit facility PLNk	100,000	100,000
Revolving credit facility CHFk	20,000	20,000
Revolving credit facility HRKk	125,000	125,000
Money market trading EURk	35,000	35,000

4.2.1 BONDS

Three bonds with a combined volume of EUR 210,000k and HKD 300,000k have been issued this financial year to-date. Scheduled repayments of EUR 153,000k and CHF 70,000k were made.

4.2.2 PROMISSORY NOTES

Three new promissory notes were issued this financial year to-date. The total volume of the newly issued loans totals EUR 19,000k and CHF 40,000k. Scheduled repayments were made in the amount of EUR 46,500k, PLN 10,000k, DKK 46,000k and SEK 48,000k.

4.3 COMMITTED DEVELOPMENT LOANS

The following table shows the carrying amounts of the utilised development loans at individual development banks.

EURk	**Sep. 30, 2020**	**Dec. 31, 2019**
Description		
European Investment Bank	99,788	-
NRW.BANK	59,627	69,439
Thüringer Aufbaubank	4,155	4,104
Investitionsbank des Landes Brandenburg	1,781	3,006
KfW	197,190	182,555
Landeskreditbank Baden-Württemberg – Förderbank	1,436	1,778
Accrued interest	0	1
Total committed development loans	**363,977**	**260,883**

5. DEPRECIATION AND IMPAIRMENT

For the cash-generating units Brazil, Poland and Turkey, which represent the leasing business in the respective countries, and for the cash-generating unit Factoring Switzerland, an impairment was recognised on portions of corresponding goodwill totalling EUR 7,128k as of September 30, 2020. This impairment was primarily due to an unplanned decline in new business figures in these markets, which have been particularly affected by the COVID-19 pandemic, and resulted in a reassessment of the associated market development in the valuations. The expected recovery of new business to pre-pandemic levels is likely to occur later than expected in the prior quarter due to the increased number of new infections.

6. CONTINGENT LIABILITIES

GRENKE AG, as guarantor for individual franchise companies, provided financial guarantees of EUR 71.2 million (previous year as of December 31, 2019: EUR 72.0 million), which represents the maximum default risk. The actual utilisation of the guarantees by the guarantee recipients was lower and amounted to EUR 37.9 million (previous year as of December 31, 2019: EUR 37.5 million)

7. SUBSEQUENT EVENTS

No significant events occurred after the reporting date.

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Disclaimer

Figures in this financial report are usually presented in EURk and EUR millions. Rounding differences may occur in individual figures compared to the actual EUR amounts. Such differences are not significant in character due to their nature. For reasons of easier readability, gender-specific language is generally avoided, and the respective terms apply equally to all genders to ensure equal treatment.

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